

The ACF 4.5% Fixed Rate Bond 2019 (GBP)

Issued by: Audacia Capital (Ireland) PLC

Publicly tradeable bond paying 4.5% p.a. fixed coupon. Secured indirectly on leasing and service contracts with public sector organisations.



Background

Asset financing is a mechanism for a borrower to obtain financing using balance sheet assets as collateral, such as accounts receivable, short-term investments, or inventory. It is a flexible alternative to a traditional bank loan, providing significant cash flow and tax benefits for organisations.

Lease and service contracts are created as a flexible and legitimate way to secure both commercial and public sector borrowing against an asset and cashflow without compromise of any existing asset guarantees. It is therefore far more effective than using traditional types of lending as well as offering more security for the lender.

A lease is a legal document outlining the terms under which one party agrees to rent an asset from another party. A lease guarantees the lessee (the renter) use of an asset and guarantees the lessor (the asset owner) regular payments from the lessee for a specified number of months or years.

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| Sponsor | | ACF Acquisitions 11 Ltd |
| Listed | | Yes (Dublin) |
| Coupon | | 4.5 % payable 1.125% Quarterly |
| Access | | 90 days' notice 4 times a year without penalty |
| Max Term | | To June 2025 |
| Currency | | GBP |
| Issue Size | | Up to €25,000,000 |
| Minimum Subscription | | 10,000 |
| Offer Price | | 100 |
| Issue Date | | From June 2019 to maturity |
| Issuing & Paying Agent | | Computershare Investor Services (Ireland) Ltd. |
| Clearing / Settlement | | CREST |
| Offer | | Private Offer |
| ISIN | | IE00BGRX2X09 |

Industry Facts

The Finance and Leasing Association (FLA) recorded that the industry reported new business of GBP32 billion in 2017. SMEs are significant users of asset finance and in 2017 more than GBP18.6 billion of total new business went to help SMEs invest in new equipment.

North America is the epicentre of the world leasing market, followed by China, with the UK punching above its weight and currently in 3rd place.

Within the UK market the financing of IT and business equipment is the 3rd largest sector overall, behind vehicle finance and plant and machinery finance; however, indicative figures show that IT and business equipment remains the highest in its sector for service / lease arrangements.

About Alternative Commercial Finance (ACF)

ACF provides alternative funding solutions to organisations that sell capital equipment to their customers through Asset Finance Agreements. ACF provides a fully tailored service to each of its clients from consultancy through to structured documentation, training and implementation, all designed to help businesses grow and increase their sales turnover and profitability.

- The founder, Richard Coles, has worked extensively in the leasing market for a number of years developing strong relationships with the major banks and financial institutions including Barclays, Hitachi Capital and GE Capital. He has spent the majority of his career developing and structuring unique funding programmes which enabled the growth of his previous business to a multi-million dollar business which is now part of Hewlett Packard.
- 2018 saw growth in the education sector of the business up by over 70% on the previous year and now offers a unique package for the whole UK education sector. This package is now available on the government's education framework programme.

Offering

The ACF 4.5% Fixed Rate Bond provides the opportunity for an investor to buy a redeemable bond of up to 6.5 years duration with fixed annual rate of 4.5%, payable via 1.125% quarterly coupons. The bonds are indirectly secured against the underlying business by way of a fixed charge over the shares of the underlying borrower and a floating charge over the assets of the borrower, predominantly comprising contractual rights against public sector, education establishments and institutions. The ACF 4.5% Fixed Rate Bond series is bankruptcy remote from any other note series of the issuer.

Bond Features

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| Term | 31 December 2025 maturity and 90 day notice periods for redemptions |
| Trade | Purchase and sale via CREST |
| Secondary Market | The bond is a listed and tradable instrument and can be sold through the secondary market |
| FSCS Protection | Listed Retail Bonds are not covered by the FSCS (Financial Services Compensation Scheme) |

Investment Risks

The investment in the fixed income/bond market is generally considered safer as it is ranked above equity holders. However, these investments are not risk free and here are some key considerations:

Reliance on expertise of the management team for principal business activities.

Fluctuation in the asset value and enforcement of the underlying security.

The majority of the assets owned are covered under insurance but certain risks are not covered as premium costs are disproportionate to the risk in question.

Liquidity – The issuer maintains 8% minimum liquidity within the structure and ACF retains a further liquidity pool to cover redemption requests; however, investors should be comfortable with holding the investment until maturity.

Retail Bond Risk Status

Retail investor risk level ratings are traditionally measured on a numerical risk scale. For the purpose of this measurement, our advisers have given us a risk rating of **3 out of 10** which would be considered Moderately Cautious.

Use of Proceeds

ACF will use the proceeds to fund and run the asset finance or leasing programme with organisations that are best in their class. ACF will purchase asset finance or lease agreements from the approved originators who have contracted with a borrower or lessee who meets the criteria established by ACF. The ACF lending criteria for originators and end customers include:

- An established Tier-1 OEM (Original Equipment Manufacturer) or a top 5 distributor with a clearly defined market place and an established sales channel with good distribution.
- 70% of the end customers by value will be public sector, education establishments or listed public companies.
- For a contract to be acceptable it must be a **BUSINESS CRITICAL** asset and a top-tier credit rated customer.

Further Information

For more information, please contact – Richard Coles – richard.coles@alternativecf.co.uk

Important Notice

The ACF 4.5% Fixed Rate Bond 2019 is comprised in debt securities issued by Audacia Capital (Ireland) plc, a company registered in Ireland (number: 622442) whose registered office is at 2nd Floor, **Block 5, Irish Life Centre, Abbey Street Lower, Dublin, D02 P767, Ireland**. The ACF 4.5% Fixed Rate Bond 2019 has been listed and is publicly tradable on the General Exchange Market (GEM) of the Euronext Dublin Stock Exchange, for which the company has submitted information to the Exchange as published on the following link: www.ise.ie/debt_documents/ListingParticulars_9d8d85c2-89b4-42e0-b8f0-c7cb4d0dc6bb.pdf. This is a document for guidance only and has been prepared by the board of ACF Acquisitions 11 Limited. Nothing in this document has been verified by, approved by, or is a statement made by, or at the request of the issuer, Audacia Capital (Ireland) plc. All persons interested in the ACF 4.5% Fixed Rate bond 2019 should undertake their own specific enquiries and diligence before taking any action in relation to the contents of this document.